



Verizon Airfone Inc.

Presentation
to the
Federal Communications Commission
April 9, 2004

Agenda

- ◆ Air to Ground Market Dynamics
- ◆ Airfone Flight Test Update
- ◆ Response to Alternative Proposals
- ◆ Summary

ATG Market Dynamics

- ◆ Industry surveys indicate that connectivity is one of the prime services that passengers want onboard aircraft.
- ◆ Other services include
 - VPN
 - Unencumbered internet
 - E-commerce
 - Instant messaging (IM)
 - Wireless data services
 - Airline logistical services
- ◆ Airlines focused on bringing these services to the aircraft.
- ◆ Consumers increasingly use broadband and wireless services at home and on the road.
- ◆ Passengers expect the same level of service everywhere, including onboard the aircraft.

ATG Market Dynamics

- ◆ 85% of business travelers carry cell phone onboard aircraft.
- ◆ 67% of business travelers carry at least one WiFi-enabled device on aircraft.
- ◆ These percentages are growing daily. Business travelers want to use these devices onboard to stay connected.
- ◆ Email with VPN access has been identified as one of the key services that travelers want, and are willing to pay for, and a key differentiator for the airlines.
- ◆ This level of connectivity requires a broadband connection.
- ◆ The Verizon Airfone Technology Plan can supply all these services as desired by the airlines and their passengers.

We are committed to begin commercial service by mid 2005.

ATG Market Dynamics

- ◆ Given wide range of air-to-ground proposals offered, the Airfone approach provides the only viable solution
 - Supports emerging IP-based technologies
 - ▶ Unencumbered internet access
 - ▶ VPN email
 - ▶ VOIP-suitable
 - ▶ Intelligent network management
 - ▶ Airline logistical support
 - ▶ Scalable and affordable for markets in Canada and Mexico
 - Provides migration path as core technologies mature
 - Low cost, lightweight option to cost sensitive airline operators

Airfone Broadband and Wireless Cabin Flight Test

- ◆ Testing scheduled to commence in early May in the southeastern United States.
 - Base station, test aircraft and network core equipment installations underway.
 - Antenna manufacturer selected and design work completed.
 - Evaluation will also incorporate wireless cabin technologies and IP voice.

Response to Alternative Proposals

- ◆ AirCell: Competitor seeks to invert uplink and downlink
 - Flawed analysis
 - Unreliable performance
 - Fails to account for debilitating radar noise

Response to Alternative Proposals

- ◆ Boeing: Intermodal competitor proposed system dependent on complex technology
 - Unproven technology
 - Deployment delayed beyond market window
 - Prohibitively costly
 - Not commercially viable

Response to Alternative Proposals

- ◆ Skyway Aircraft: Purchased the assets but not the license of AT&T/Claircom
 - Proposes no change in narrowband channelization
 - Company press releases allude to unfounded performance attributes, e.g., 15 Mbps per 6 kHz channel
 - No scientific evidence available to verify claims
 - Circumvented normal licensing practices

Summary

- ◆ Airfone requests the Commission to move quickly to allow Airfone to provide broadband services
 - The Airfone solution provides the breadth of services the flying public demand
 - The technology supports flexibility and platform scalability
 - Other solution proposals are shown to be unworkable
 - Intermodal competitors are currently deploying alternative solutions